Government of Saskatchewan

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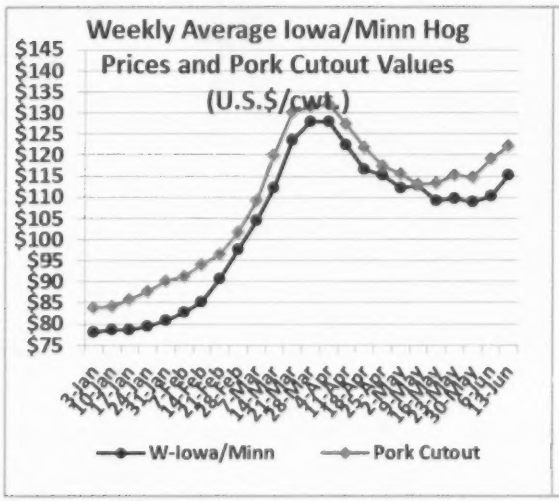
Weekly Hog Report

June 16, 2014

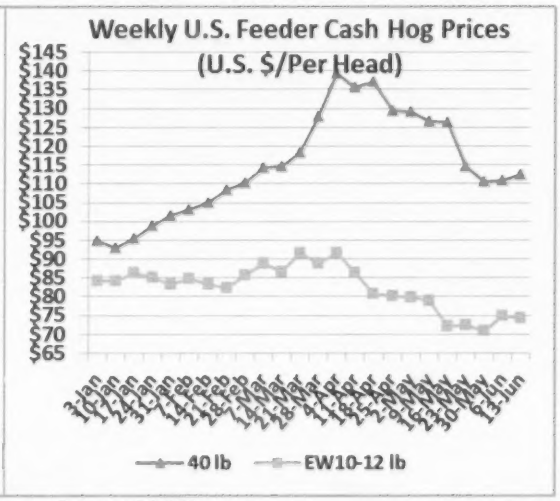
Over the last week there were new cases of **Porcine Epidemic Diarrhea (PED)** identified in hog barns in Ontario. There are currently 62 cases confirmed in hog barns in Ontario, two in Manitoba, one in PEI, and also one in Quebec for a total of 66 PED cases confirmed in hog barns in Canada.

Cash Feeder Hog Prices

Last week North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed. Weighted average cash prices for iso-weans (12lb) were US$74.18 per head, down US$0.75 per head from US$74.93 per head the previous week. Feeders (40lb) were US$112.23 per head, up US$1.66 per head from US$110.57 per head the previous week.



Source: LMIC



Source: LMIC

Cash Slaughter Weight Hog Prices

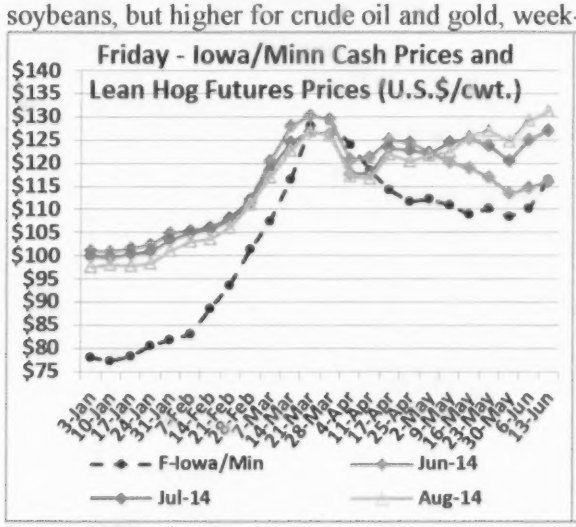
United States daily average cash hog prices ended the week higher, week-over-week. Hog prices (Iowa/Minn) on Friday averaged US$116.50 per cwt, up US$6.34 per cwt or 5.8 per cent from US$110.16 per cwt the previous Friday. The negotiated base price for the week averaged US$115.03 per cwt, up US$4.87 per cwt or 4.4 per cent from US$110.16 per cwt the previous week. Stronger pork cutout values over the week with barbeque season here helped push hog prices higher.

In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday June 13, 2014 was $231.60 per ckg, up $8.55 per ckg or 3.8 per cent from $223.05 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $227.21 per ckg, up $9.46 per ckg or 4.3 per cent from the previous weeks' average price of $217.75 per ckg. The Canadian dollar moved higher last week closing the week Friday at 92.11 cents, up 0.62 cents from the previous Friday's close of 91.49 cents.

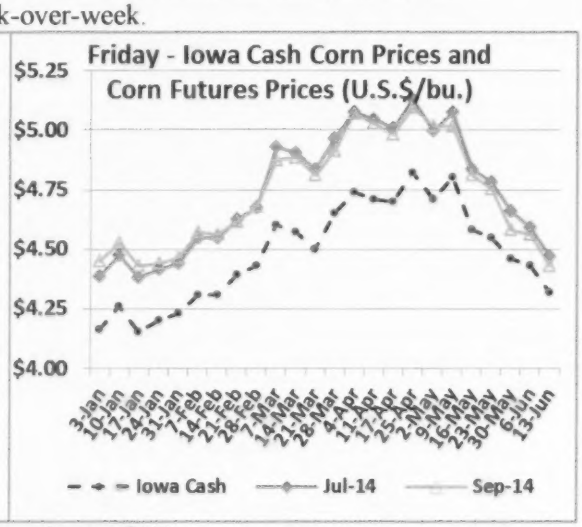
Futures Markets

Lean hog futures prices were higher last week with the nearby contracts up between US$1.325 and US$2.025 per cwt. The nearby June lean hog futures contract was US$1.325 per cwt higher to settle Friday at US$115.90 per cwt. The August contract was US$1.975 per cwt higher to settle the week at US$131.275 per cwt. The August contract again reached new all-time high record prices last week with concerns on future supplies over PEDv. The Friday Iowa/Minn average daily cash price was US$116.50 per cwt, US$0.60 per cwt higher than the June's lean hog futures price, a substantial reversal from the previous week.

Prices for other United States nearby commodity futures were lower for corn, wheat, and soybeans, but higher for crude oil and gold, week-over-week.



Source: CME



Source: CME

Iowa cash corn prices and the nearby corn futures were lower over the week. The Iowa cash price on Friday was US$4.32 per bushel, down 11 cents from US$4.43 per bushel the previous Friday. The July corn futures contract was down 12 cents to settle Friday at US$4.47 per bushel, while the September contract was down over 13 cents to settle Friday at $4.43 per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week for the week ending June 14 were estimated at 1.915 million head, down 0.8 per cent from 1.930 million head the previous week, and down 1.8 per cent from 1.950 million head from the same week a year ago. U.S. hogs slaughtered over the last four weeks ending June 14 averaged 1.888 million head, down 4.4 per cent from 1.975 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending June 7, 2014 were estimated at 388,404 head, up slightly from 387,907 head the previous week and up 0.7 per cent from 385,810 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending June 7 were estimated to average 376,235 head, down slightly from 376,300 head over the same period a year ago.

In Western Canada, federal and provincial hog slaughter numbers for the week ending June 7, 2014 were estimated at 161,223 head, up 0.6 per cent from 160,224 head the previous week, but down 2.1 per cent from 164,622 head the same week a year ago. Western Canadian hogs slaughtered over the last four weeks ending June 7 were estimated to average 157,592 head, down 0.5 per cent from 158,322 head over the same period a year ago.

Meat Production

U.S. pork production for the week ending June 14 was estimated at 413.2 million lb., down 0.7 per cent from 416.2 million lb. the previous week, but up 3.4 per cent from 399.6 million lb. the same week a year ago. Hog weights over the week were about 11 lb. heavier compared to the same week a year ago.

U.S. beef production for the week ending June 14 was estimated at 477.0 million lb., down 1.4 per cent from 483.6 million lb. the previous week, and down 6.3 per cent from 509.0 million lb. over the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending June 7, 2014, was estimated at 1.887 billion lb., down 1.9 per cent from 1.923 billion lb. over the same four weeks a year ago, and down 1.7 per cent year-to-date.

United States Weekly Meat Production

(June 6) Four Week Average - Million Lb.			Percent Change	
	2013	2014	4wk. 2014	YTD 2014
Pork	411.2	412.2	0.2%	0.1%
Beef	499.9	462.9	-7.4%	-4.7%
Chicken	883.0	883.4	0.0%	-0.4%
Turkey	129.0	128.4	-0.4%	-5.1%
Total	**1,923.1**	**1,886.9**	**-1.9%**	**-1.7%**

Source: LMIC

Cutout Values

The U.S. pork cutout values for the week ending June 14, 2014 averaged US$121.96 per cwt, up US$3.09 per cwt or 2.6 per cent from US$118.87 per cwt from the previous week, and up 21.0 per cent from US$100.76 per cwt the same week a year ago.

Average beef cutout values (Choice 600-900 lb.) for the week ending June 14 averaged US$231.80 per cwt, almost unchanged from US$231.81 per cwt from the previous week, but up 15.0 per cent from US$201.62 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On June 11 the USDA released the June World Agricultural Supply and Demand Estimates (WASDE). United States estimates for 2014/15 corn planting acres were left unchanged from May with 91.7 million acres seeded and yield estimates at 165.3 bushels per acre with overall corn production for 2014/15 projected at 13.935 billion bushels, up slightly from year ago production. Feed usage, domestic usage, exports, and ending corn stocks were estimated to stay the same from May. The U.S. corn price estimate was also left the same with a price range of US$3.85 to US$4.55 per bushel. Global corn production for 2014/15 was raised 2.0 million tons with increases for Ukraine, the European Union, and Russia.

Global wheat supplies for 2014/15 were raised 4.6 million tons to 701.6 million tons from May with increases for India, the European Union, China, and Russia which more than offsetting the 21 million bushel reduction in U.S. wheat production.

USDA June World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2013	Annual	**25,720**	**23,187**	**37,830**	**5,805**	**93,333**
2014	May Proj.	24,563	22,655	38,428	5,697	92,128
2014	**June Proj.**	**24,408**	**22,820**	**38,233**	**5,707**	**91,949**
% Chg.	May-June	-0.63%	0.73%	-0.51%	0.18%	**-0.19%**
% Chg.	2013-14	**-5.10%**	**-1.58%**	**1.07%**	**-1.69%**	**-1.48%**

Source: USDA May WASDE Report, June 11, 2014

The June USDA WASDE report estimated that U.S. Red Meat and Poultry production for 2014 will be 91.949 billion lb., a decrease of 0.19 per cent from the May estimates, and a 1.48 per cent decrease from 2013 production. Pork production estimates for 2014 were surprisingly increased 0.7 per cent from the May estimates, likely due to the heavier hog weights we are seeing. U.S. beef production was revised 0.6 per cent lower from the May estimates and will be down 5.1 per cent from 2013, the most compared to other meats. United States meat production for 2014 is projected to decrease for pork (-1.58%), turkeys (-1.69%), and beef (-5.10%), but increase for broilers (+1.07%), from 2013 production.

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